We ask that Congress increase CCDBG funding by an additional $5 billion in FY2020, in order to help states meet the 2014 requirements and increase the number of children served by the grant.

THE HISTORY OF CCDBG

Established in 1991, the Child Care and Development Block Grant (CCDBG) is the primary federal grant program that provides child care assistance for families in need. CCDBG is administered to states in block grants. States use the program to subsidize child care for working families with low incomes. Most of this assistance is administered through vouchers or certificates, which can be used by parents to select the quality provider or program that works best for their family.

Congress reauthorized CCDBG in 2014 with overwhelming bipartisan support. The CCDBG Act of 2014 improved child care health and safety standards and provided funding to help make quality child care available to more families with low incomes. The 2014 law also mandated that states meet new requirements on comprehensive criminal background checks and disaster preparedness and response planning, among other critical improvements.

A JOB NOT FINISHED

Despite the reauthorization, Congress failed to provide sufficient funding to help states make quality child care available to millions of families that need it. Today, states use resources from other federal funding streams, including Temporary Assistance for Needy Families (TANF), to ensure families don’t lose critical access to child care.

The lack of adequate funding has hampered states’ ability to provide quality child care to working families. Currently, only 1 in 6 families who qualify for child care assistance receive it.

States continue to request and receive waivers from the Administration for Children and Families (ACF) to delay implementation of the new requirements, particularly background checks. Additionally, FY2017 saw the lowest number of children served by the grant in nearly 20 years.
WHY CCDBG MATTERS IN SOUTH DAKOTA

South Dakota received an increase of $5.6 million in CCDBG discretionary funding in FY2018. This enabled South Dakota to update its subsidy payment rates (at the 75th percentile) to providers from 2015 market rates to 2017 market rates. Updating these rates is crucial, since they influence whether providers can afford to accept more families on subsidy, which in turn expands access for South Dakotans.

Despite this, South Dakota still needs more CCDBG funding to expand access for children and families. Currently, the income eligibility to qualify for child care assistance in South Dakota is at 179 percent. This means that a single parent making a $30,000 salary, or a couple with a household income of $38,000, would not qualify for assistance. But with the cost of child care averaging $5,000 to $6,000 per year, these households could still not afford the cost of care and remain locked out of the system. Strong CCDBG investment could help families who are locked out of the subsidy system gain access to care.

CCDBG funding could also help support the workforce in South Dakota. Currently, the average income for a child care worker is just $21,200. Not only is this below the national average, but this means many child care workers often qualify for public assistance themselves. This, in turn, leads to high turnover in South Dakota and creates child care deserts throughout the state. Increased funding could allow South Dakota to invest in the workforce and retain qualified educators.

HOW CONGRESS CAN HELP IN 2019

CCDBG remains underfunded, despite the funding increase in FY 2018 of $2.4 billion. While this funding allowed states to begin the intense work of revising their child care systems to help thousands of children and families gain access to high-quality care, it did not fully meet the critical need for high-quality child care.

In fact, even with CCDBG’s historic increase, federal funding for child care is still $1 billion less than FY2001 levels, when adjusted for inflation.

Given the population growth since 2001, it is clear that states still do not have enough funding to meet the needs of families.

For this reason, we ask that Congress increase CCDBG funding by an additional $5 billion in FY2020. This will help states meet the 2014 requirements and increase the number of children served.